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June 28, 2012

Form 99

ACPAC ACA International Political Action Committee

Committee Number: C00034785

The following activity occurred 10/14/2010 through 11/22/2010:

#### Improper transfer of funds

On November 12, 2010, a transfer of \$23,419 was made from the ACA corporate checking account, used by ACA for general operations, to the ACPAC account. This transfer was not reported to the FEC at the time.

It is not clear why this transfer was made. However, in late October 2010, prior to this actual transfer of funds, an apparent excess balance in the ACPAC ledger had been identified. On October 31, 2010, an ACPAC ledger journal entry reduced the ACPAC ledger by \$23,419. Thus, the apparent purpose of this reduction was to correct and bring the internal accounting ledger in to balance with the bank records. This transfer of the \$23,419 into the ACPAC account is now reflected by amendment on line 17 of the 06/28/12 amended 2010 Post-General report, and the transfer of \$23,419 out of the ACPAC account is now reflected on line 29 of the 06/28/12 2010 Year-End report.

Subsequent to the original Post-General Election Report dated December 2, 2010, it was determined that an accounting error had been made and no surplus of \$23,419 had existed. As a result of this discovery, the following actions were taken:

"January 20, 2011: ACA's then-Vice President of Finance and ACPAC's Designated Agent/Assistant Treasurer, reversed the \$23,419 transfer of funds by writing a check for \$23,419 from the ACPAC account back to the ACA corporate checking account. The check was back-dated to November 12, 2010. This disbursement was not reported to the FEC.

"January 20, 2011: The correlating ACPAC ledger entry was back-dated to November 12, 2010, the same date the then-Vice President of Finance originally improperly transferred funds into the ACPAC account

#### Falsified contribution records

Two employees have stated on November 12, 2012, the same date as the transfer of funds, their then-supervisor directed them to "create" seven contribution records totaling \$22,399, in an apparent attempt to account for the \$23,419 deposit made into ACPAC.

The amended 2010 Post-General Election report shows a decrease in receipts of \$24,269. This \$24,269 comprises the following contributions:

Debra Bates, \$250 (falsified contribution)  
John Bedard, \$20 (actual contribution received)  
Leslie Bender, \$100 (actual contribution received)  
Irwin Bernstein, \$5,000 (falsified contribution)  
Beverly Bunton, \$2,399 (falsified contribution)  
Darin Bunton, \$2,500 (falsified contribution)  
Andy Burrell, \$500 (actual contribution-was amended to correct the contributor's name)  
Debra Ciskey, \$750 (actual contribution)

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Larry Geier, \$1,000 (falsified contribution)  
 Michael Klutho, \$5,000 (falsified contribution)  
 John O'Donnell, \$250 (actual contribution)  
 Mary Rickman, \$1,500 (falsified contribution)  
 Gary Williams, \$5,000 (falsified contribution)

Please note, the above transactions are explained in detail below.

On December 2, 2010, the original Post-General Election Report was filed, which included these falsified itemized contribution records totaling \$22,649. These contributions were reported as follows:

Irwin Berstein, \$5,000  
 Beverly Bunton, \$2,399  
 Darin Bunton, \$2,500  
 Larry Geier, \$1,000  
 Michael Klutho, \$5,000  
 Mary Rickman, \$1,500  
 Gary Williams, \$5,000

Four days later, one additional false contribution of \$250 was created in the name of Debra Bates.

It is important to note none of the above-noted contributions were actual contributions, but were created in an effort to account for the improper transfer of funds listed above.

Then, the following contributions total \$1,120

John Bedard, \$20  
 Leslie Bender, \$100  
 Debra Ciskey, \$750  
 John O'Donnell, \$250

And, finally, Andy Burrell, \$500. This was reported on the amended report-it was a name change.

The false itemized contributions fell short of the \$23,419 transfer by \$770. An additional \$770 in cash contributions dated November 16, 2010 were documented in "VOCUS" FEC reporting software, but were not recorded in the ACPAC ledger.

No correlating cash contributions were deposited in the ACPAC account. Two of these cash contributions, one for \$20 and one for \$100, were included as itemized contributions in the original Post-General Election Report based on the aggregate contributions of these donors. The original Post-General 2010 FEC Report includes unitemized contributions totaling \$1735, and presumably includes the remaining \$650 in cash contributions identified only in the "VOCUS" database. We have not determined with certainty whether the total \$770 in cash contributions were actually made.

Subsequent to the original Post-General Election Report dated December 2, 2010, it was determined that an accounting error had been made and no surplus of \$23,419 had existed.

Contributions reported on the ORIGINAL 2010 Post-General report which are not reported on the most recent AMENDED 2010 Post-General report filed 9/16/11

There are four contributions on the original 2010 Post-General report that are not reported on the amended 2010 Post-General report filed 9/16/11. These contributions totaling \$1,120 are:

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John Bedard, \$20  
 Leslie Bender, \$100  
 Debra Ciskey, \$750  
 John O'Donnell, \$250

The above contributions were reported using the VOCUS software, which the company no longer uses. It is unclear why these contributions were included in the original report but omitted from the amended 2010 Post-General report. It is presumed this is a simple error by the person submitting the filing.

Contributions reported on the most recent AMENDED 2010 Post-General report filed 9/16/11 which are not reported on the ORIGINAL 2010 Post-General report

Denise Cross and Joseph Grandizio:

The originally-filed 2010 Post-general report includes two contributions, Denise Cross and Joseph Grandizio, each for \$0.00. This was a clerical error upon entering the data. These entries were corrected on the amended 2010 Post-General report filed 9/16/11.

The amended 2010 Post-general report includes two negative entries, Denise Cross and Joseph Grandizio, each for -\$125. These negative entries were reported to correspond to internal accounting activity. In July 2010, Cross and Grandizio each paid \$125 for an event, but both Cross and Grandizio were erroneously double-charged. This double-charging was an accounting clerical error which went undiscovered until November 2010. Upon discovery, these two corrective entries were reported on the amended 2010 Post-General report filed 9/16/11 as -\$125 each.

Benjamin Burrell, \$500:

This contribution does, in fact, appear on the originally filed 2010 Post-general report; however, the contributor's name was incorrect. The contributor's name is Benjamin Andy Burrell, but the original report incorrectly noted the contributor name as Andy Burrell. The amended 2010 Post-General report filed 9/16/11 corrects this contributor's name to read Benjamin Burrell.

Sandy Stockton, \$2,400

This is an actual contribution received 11/21/10; however, was accidentally omitted from the original report filing. This was a clerical oversight, and the contribution was reported on the amended 2010 Post-General report filed 9/16/11.

## Misappropriations

ACA International employed Marilyn Cerini as Assistant Controller from March 2003 until September 29, 2010, at which time ACA terminated her employment. In February, 2010, ACA gave Ms. Cerini responsibility for processing and depositing contributions and disbursements for ACPAC, and for maintaining internal bookkeeping for the ACPAC account.

After Ms. Cerini's employment ended, ACA discovered she had improperly diverted money from the ACPAC account to personal accounts under her control. ACA reported this to the police, and the State of Minnesota charged Ms. Cerini with felony theft through the Hennepin County Attorney's office. Ms. Cerini's criminal case was diverted by the court to a restorative justice program, Operation de Novo, in part due to the low aggregate amount of alleged theft and also because she had no past criminal record.

Due to concerns relating to the above, ACA conducted an exhaustive review and reconciliation of all ACPAC records and statements from January 2008 to the present. A review and reconciliation was concluded mid-November, 2011. As a result

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of this review and reconciliation, we are confident that the illegal transfers by Ms. Cerini out of the ACPAC account are limited to the following three transactions, all occurring in 2010:

January 5, 2010, \$450: Ms. Cerini's ledger entry described this transaction as a "refund over yearly limit." Using PayPal, an internet money transfer service, Ms. Cerini refunded this amount to a credit card controlled by her. No report of this transaction was made to the FEC at the time. This transaction has since been reported on line 15 of the amended February 20, 2010 monthly FEC report.

April 13, 2010, \$500: Ms. Cerini's ledger entry did not describe the purpose of this transaction, but did name a contributor to the PAC, reasonably implying that a refund was made to that individual. The named individual was Jay Zises. Ms. Cerini refunded \$500 to a credit card controlled by her. This transaction was initially reported on the May 20, 2010 monthly report under the name of Jay Zises. This transaction is now correctly reported on the 06/27/12 amended May 20, 2010 report to show the contributor name as Marilyn Cerini.

May 16, 2010, \$2,000: There was no ledger description of this transaction. Ms. Cerini refunded this amount to a credit card controlled by her. No report of this transaction was made to the FEC at the time. This transaction has since been reported on line 15 of the amended June 20, 2010 monthly report.

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